

State Liquor Dispensary

Analyst: Swanson

Historical Summary

OPERATING BUDGET	FY 2006 Total App	FY 2006 Actual	FY 2007 Approp	FY 2008 Request	FY 2008 Gov Rec
BY FUND CATEGORY					
Dedicated	12,214,700	11,884,800	15,270,800	17,084,800	16,073,100
Percent Change:		(2.7%)	28.5%	11.9%	5.3%
BY OBJECT OF EXPENDITURE					
Personnel Costs	8,435,700	8,327,000	8,613,100	9,539,300	9,189,000
Operating Expenditures	3,372,700	3,396,100	3,975,000	4,554,900	4,103,500
Capital Outlay	406,300	161,700	2,682,700	2,990,600	2,780,600
Total:	12,214,700	11,884,800	15,270,800	17,084,800	16,073,100
Full-Time Positions (FTP)	166.00	166.00	180.00	193.00	187.00

Division Description

The State Liquor Dispensary has the following general powers and duties:

(a) Regulation of Liquor Traffic: To permit, license, inspect, and regulate the manufacture, importation, transportation, storage, sale, and delivery of alcoholic liquor for purposes permitted by law.

(b) Traffic in Liquor: To buy, import, transport, store, sell, and deliver alcoholic liquor.

(c) Operation of Liquor Stores: To establish, maintain, and discontinue warehouses, state liquor stores and distribution stations.

(d) Acquisition of Real Estate: To acquire, buy, and lease real estate, and to improve and equip the same for the conduct of its business.

(e) Acquisition of Personal Property: To acquire, buy, and lease personal property necessary and convenient for the conduct of its business.

(f) Making Reports: To report to the governor annually and at such other times as he may require, concerning the condition, management, and financial transactions of the dispensary.

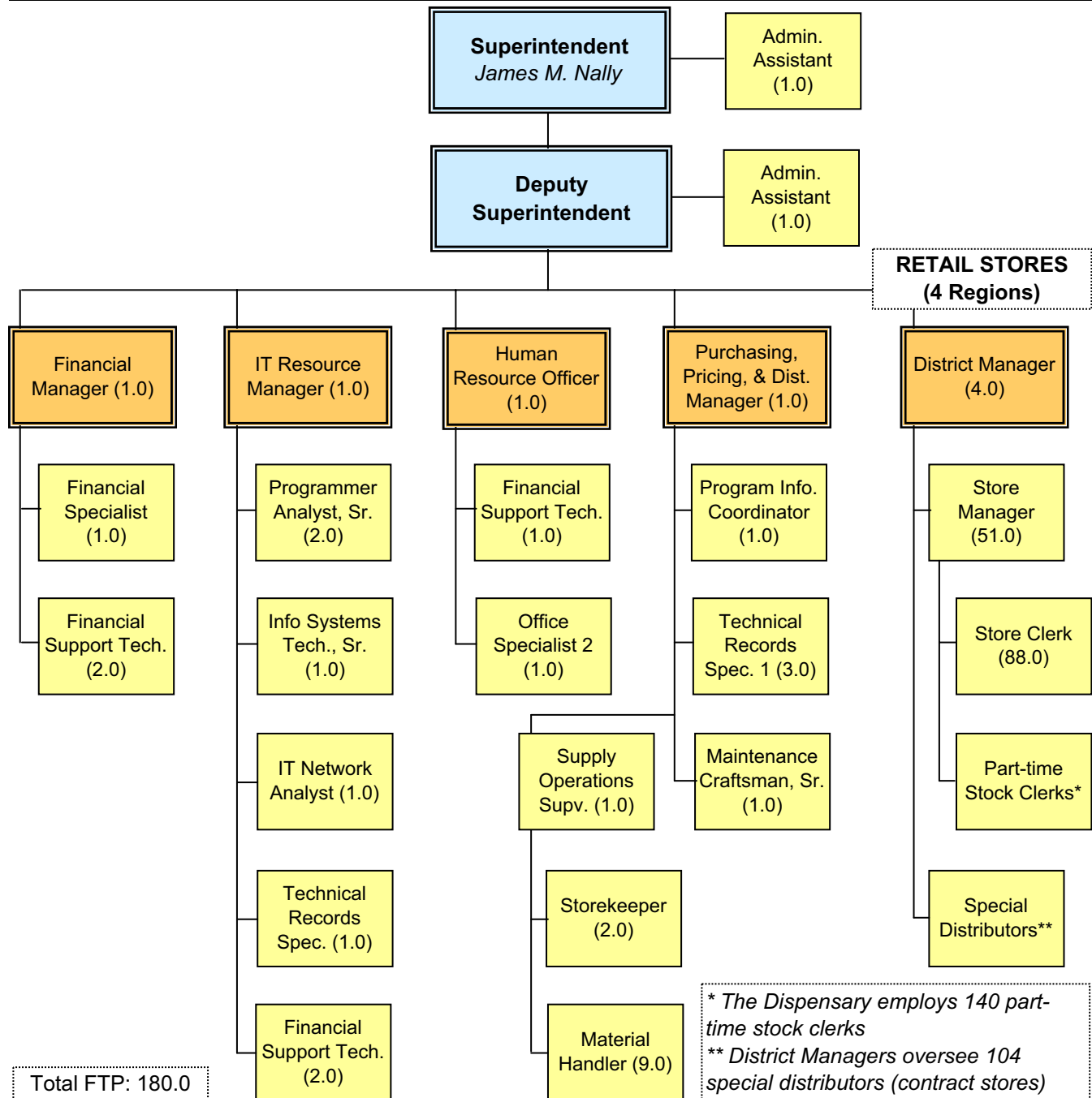
The Liquor Dispensary is charged with exercising its powers as to curtail the intemperate use of alcoholic beverages. It shall not attempt to stimulate the normal demands of temperate consumers of alcohol, irrespective of the effect on the revenue derived by the state from the resale of intoxicating liquor.

[Statutory Authority: Idaho Code §23-201 et seq.]

State Liquor Dispensary Agency Profile

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Organizational Chart



Sources/Uses of Funds

Liquor Control Fund: Derived from the sale of alcoholic beverages, excise taxes, licenses, permits, fees, profits on sales, sales of equipment and supplies. In addition, all moneys from the purchase of properties, buildings, plants, apparatus, real estate, and securities, including any interest, are included in the Liquor Fund.

**FY 2007 Original
Appropriation
\$15,270,800**

State Liquor Dispensary

Agency Profile

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Selected Measures

PROFIT DISTRIBUTION

Profits from liquor sales are distributed to the following funds:

Two percent (2%) surcharge distributed to the Drug and Family Court Services Fund.

Forty percent (40%) of profit distributed as follows:

\$1,800,000	Cities and Counties
\$1,200,000	Alcoholism Treatment Fund
\$1,200,000	Public School Income Fund
\$300,000	Community College Account
\$650,000	Cooperative Welfare Account
Remaining Balance	General Fund

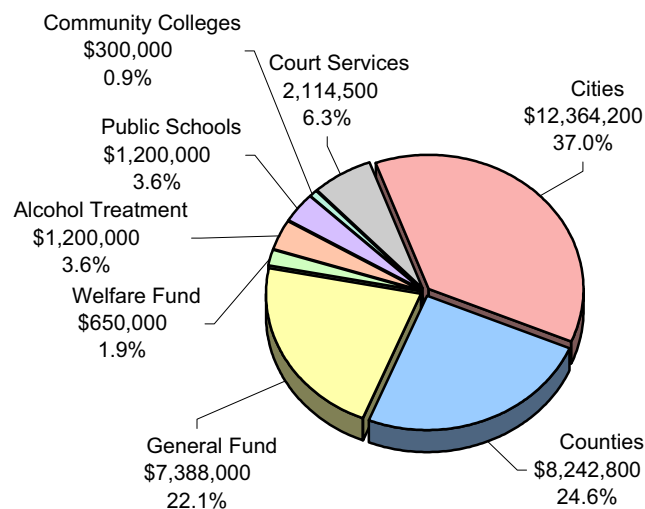
Sixty percent (60%) of profit distributed as follows:

60%	Cities
	90% to cities with liquor stores, in proportion to sales
	10% to cities without liquor stores, in proportion to population
40%	Counties, in proportion to sales

The liquor revenue distribution formula was modified by Senate Bill 1388 in the 2006 Legislative Session: Cities and counties are to receive annual distributions of \$1.8 million from FY 2006 through FY 2009 to repay the one-time appropriation of \$7.2 million to the Water Resource Board Revolving Fund in FY 2005; and the 40/60 split between the state and local governments will adjust incrementally to a 50/50 split by 2014.

FY 2006 PROFIT DISTRIBUTION

Total = \$33,459,500



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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2007 Original Appropriation	180.00	0	15,270,800	180.00	0	15,270,800
Removal of One-Time Expenditures	0.00	0	(2,707,200)	0.00	0	(2,707,200)
FY 2008 Base	180.00	0	12,563,600	180.00	0	12,563,600
Benefit Costs	0.00	0	238,300	0.00	0	0
Inflationary Adjustments	0.00	0	203,500	0.00	0	0
Replacement Items	0.00	0	739,200	0.00	0	739,200
Statewide Cost Allocation	0.00	0	(800)	0.00	0	(800)
Change in Employee Compensation	0.00	0	251,200	0.00	0	358,800
FY 2008 Program Maintenance	180.00	0	13,995,000	180.00	0	13,660,800
1. Warehouse Expansion and Improvements	0.00	0	2,000,000	0.00	0	2,000,000
2. Additional Staffing	7.00	0	264,100	7.00	0	264,100
3. Three New Stores	6.00	0	677,500	0.00	0	0
4. Upgrade Secure Remote Access	0.00	0	148,200	0.00	0	148,200
FY 2008 Total	193.00	0	17,084,800	187.00	0	16,073,100
Change from Original Appropriation	13.00	0	1,814,000	7.00	0	802,300
% Change from Original Appropriation			11.9%			5.3%

State Liquor Dispensary

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2007 Original Appropriation	180.00	0	15,270,800	0	15,270,800

Removal of One-Time Expenditures

Remove funding provided for one-time items, including \$2,000,000 for warehouse improvements.

Agency Request	0.00	0	(2,707,200)	0	(2,707,200)
Governor's Recommendation	0.00	0	(2,707,200)	0	(2,707,200)

FY 2008 Base					
Agency Request	180.00	0	12,563,600	0	12,563,600
Governor's Recommendation	180.00	0	12,563,600	0	12,563,600

Benefit Costs

Restores funding for one health insurance holiday taken in FY 2007. Also includes the employer-paid portion of estimated changes in employee benefit costs.

Agency Request	0.00	0	238,300	0	238,300
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The Governor recommends that all health insurance related adjustments be funded by program changes or utilizing reserves available in the group insurance contract. As the PERSI Board voted to maintain the current contribution rate for the upcoming fiscal year, no adjustment to retirement rates is necessary.

Governor's Recommendation	0.00	0	0	0	0
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Inflationary Adjustments

This customized inflationary adjustment is a 5.15% increase over base operating expenditures. It is calculated by subtracting statewide allocation plan costs and applying a 1.81% increase for all remaining operating costs except for employee travel costs (35.12% increase for \$40,100), fuel costs (29.21% increase for \$4,900), utility charges (20.41% increase for \$75,900) and contractual rental & operating leases (2.75% increase for \$60,500).

Agency Request	0.00	0	203,500	0	203,500
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Inflationary increases are provided only for contractual obligations such as leased space costs. Other inflationary requests are not recommended.

Governor's Recommendation	0.00	0	0	0	0
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Replacement Items

Replacement capital outlay includes: relocating one store (\$60,000); remodeling 12 stores (\$193,000); shelving, checkout counters and signs for 10 stores (\$49,100); security systems for four stores (\$20,000); 180 back office/front register computers (\$975 each/\$175,500 total); 60 back office printers (\$120 each/\$7,200 total); 90 hand-held scanners (\$900 each/\$81,000 total); four laptop computers for district managers (\$1,350 each/\$5,400 total); and four central office network servers (\$23,000).

Replacement operating expenditures include: 100 receipt printers and register scanners (\$16,500); six software contracts (\$13,000); 238 software upgrades (\$38,900); and repairing and resurfacing the warehouse floor (\$56,600).

Agency Request	0.00	0	739,200	0	739,200
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Governor's Recommendation	0.00	0	739,200	0	739,200
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Statewide Cost Allocation

This decision unit includes adjustments for services provided by state agencies as follow: a decrease of \$17,500 for Attorney General fees; and increases of \$15,100 for State Controller fees, \$800 for State Treasurer fees, and \$800 for property and casualty insurance premiums.

Agency Request	0.00	0	(800)	0	(800)
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Governor's Recommendation	0.00	0	(800)	0	(800)
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Change in Employee Compensation

Reflects the calculated cost of a 3.5% salary increase for permanent and group positions.

Agency Request	0.00	0	251,200	0	251,200
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The Governor recommends a compensation increase of 5% to be distributed based on merit.

Governor's Recommendation	0.00	0	358,800	0	358,800
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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2008 Program Maintenance					
Agency Request	180.00	0	13,995,000	0	13,995,000
<i>Governor's Recommendation</i>	<i>180.00</i>	<i>0</i>	<i>13,660,800</i>	<i>0</i>	<i>13,660,800</i>

1. Warehouse Expansion and Improvement

The Liquor Dispensary is requesting \$2,000,000 in one-time capital outlay for the second phase of a three-year project to expand, upgrade and modernize the state-wide distribution center in Boise. The agency states that the improvements are needed to increase safety for warehouse crew members, better utilize existing space, and accommodate future growth. The agency estimates that the expanded facility will meet their needs through the year 2035.

Agency Request	0.00	0	2,000,000	0	2,000,000
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>2,000,000</i>	<i>0</i>	<i>2,000,000</i>

2. Additional Staffing

The Liquor Dispensary is requesting one shipping/receiving material handler and six liquor store clerk positions for a total of \$217,100 in ongoing personnel costs and \$47,000 in one-time capital outlay. Capital outlay includes one high lift stock picker and two rider pallet trucks.

Agency Request	7.00	0	264,100	0	264,100
<i>Governor's Recommendation</i>	<i>7.00</i>	<i>0</i>	<i>264,100</i>	<i>0</i>	<i>264,100</i>

3. Three New Stores

The Liquor Dispensary is requesting funding for three additional stores, with one store to be located in each of the following areas: Nampa/Caldwell, Idaho Falls/Ammon and Coeur d'Alene/Post Falls. The request includes \$219,600 in ongoing personnel costs for six FTP to staff each store with one manager and one store clerk. Ongoing operating expenditures of \$247,900 include store rent and operating leases, bankcard fees, utility costs, and other miscellaneous supplies and expenses. One-time capital outlay of \$210,000 is for furniture and computer equipment.

Agency Request	6.00	0	677,500	0	677,500
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Not recommended by the Governor.

<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
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4. Upgrade Secure Remote Access

The Liquor Dispensary is requesting \$28,800 in ongoing operating expenditures and \$119,400 in one-time capital outlay to upgrade secure remote access and equipment in all 56 state liquor stores to digital subscriber lines with LAN connections.

Agency Request	0.00	0	148,200	0	148,200
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>148,200</i>	<i>0</i>	<i>148,200</i>

FY 2008 Total					
Agency Request	193.00	0	17,084,800	0	17,084,800
<i>Governor's Recommendation</i>	<i>187.00</i>	<i>0</i>	<i>16,073,100</i>	<i>0</i>	<i>16,073,100</i>

Agency Request

Change from Original App	13.00	0	1,814,000	0	1,814,000
% Change from Original App	7.2%		11.9%		11.9%

Governor's Recommendation

<i>Change from Original App</i>	<i>7.00</i>	<i>0</i>	<i>802,300</i>	<i>0</i>	<i>802,300</i>
<i>% Change from Original App</i>	<i>3.9%</i>		<i>5.3%</i>		<i>5.3%</i>